August 9, 2018

Supplementary Information

Three months ended June 30, 2018
(April 1,2018 to June 30, 2018)

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Earnings forecasts contained in this supplementary material are forward-looking statements and include uncertain factors. Please note that actual results may differ from forecasts due to various unknown or unpredictable factors.
This material has not been prepared to solicit investment.

MEGMILK SNOW BRAND Co., Ltd.

〈Consolidated Financial Results〉

1. Quarterly Consolidated Statements of Income (Unit: 100 million yen)

	Three months ended June 30, 2017		Three months ended June 30, 2018		Net change	
	Result	Vs. Sales (%)	Result	Vs. Sales (%)	Amount	Year-on-year change (%)
Net sales	1,498	100.0	1,509	100.0	11	0.8
Cost of sales	1,123	75.0	1,139	75.5	15	1.4
Selling, general and administrative expenses	316	21.1	322	21.4	6	1.9
Operating profit	58	3.9	47	3.2	(10)	(18.0)
Non-operating income	6	0.4	5	0.4	(0)	(13.7)
Non-operating expenses	3	0.2	2	0.2	(0)	(16.7)
Ordinary profit	61	4.1	50	3.3	(10)	(17.7)
Extraordinary income	0	0.0	0	0.0	0	7.0
Extraordinary loss	4	0.3	1	0.1	(2)	(54.7)
Profit before income taxes	57	3.8	48	3.2	(8)	(14.9)
Income taxes	23	1.6	14	0.9	(9)	(41.0)
Profit (loss) attributable to non-controlling interests	0	0.0	0	0.1	0	321.6
Profit attributable to owners of parent	33	2.2	33	2.2	0	1.6

2. Quarterly Consolidated Statements of Comprehensive Income (Unit: 100 million yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Net change	
	Result	Result	Amount	Year-on-year change (%)
Profit	33	34	1	3.6
Total other comprehensive income	5	(1)	(6)	(124.7)
Comprehensive income	38	33	(5)	(14.3)
(of which, comprehensive income attributable to non-controlling interests)	0	0	0	281.5

3. Quarterly Consolidated Sales and Operating Profit by Product of Each Segment (Unit: 100 million yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Net change	
	Result	Result	Amount	Year-on-year change (%)
[Net sales]				
Butter	50	52	2	4.8
Oils&fats	33	32	(1)	(3.3)
Cheese	191	189	(2)	(1.5)
Other	84	77	(6)	(7.9)
Subsidiaries and other	222	229	6	3.1
Dairy products	582	581	(1)	(0.2)
White drinks	215	217	1	0.8
Colored drinks	119	112	(6)	(5.8)
Yogurt	144	153	9	6.6
Desserts & fresh cream	60	61	0	1.4
Other	7	7	0	0.7
Subsidiaries and other	159	162	2	1.6
Beverage and dessert	706	714	7	1.1
Feedstuffs	86	87	1	2.0
Seed products	35	35	(0)	(2.4)
Feed and seeds	122	122	0	0.7
Other	87	91	3	4.5
Total	1,498	1,509	11	0.8
[Operating profit]				
Dairy products	30	28	(1)	(5.1)
Beverage and dessert	18	9	(9)	(50.3)
Feed and seeds	7	6	(0)	(8.1)
Other	1	2	0	63.5
Total	58	47	(10)	(18.0)

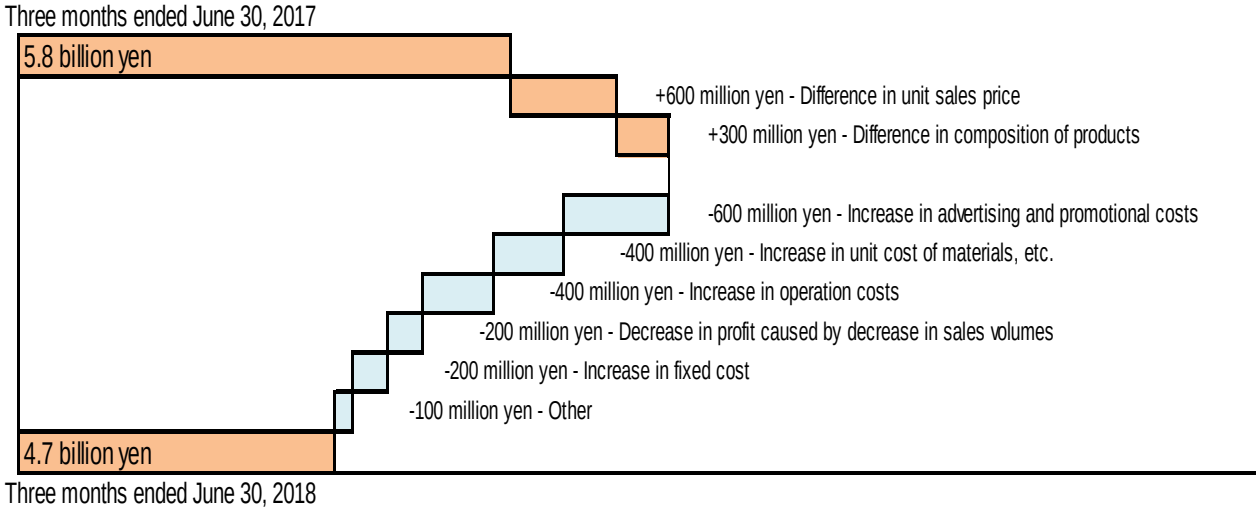
(Notes) 1. Main types of goods traded by business segment
Dairy Products : Dairy products (cheese, butter, milk powder etc.); fats & oils;
Nutrition business (functional food products, infant formula etc.) etc.
Beverage & Dessert : beverages (milk drinks, fruit juice beverages etc.);
yogurts; desserts; fresh cream etc.
Feed and Seeds : Cattle feed; Pasture forage and crop seed; vegetable seeds etc.
Other: Real estate leasing; joint distribution center services etc.
2. The net sales for each segment list the figures for external customers.
Note that figures for external customers are also used in the year-on-year comparisons.
3. Subsidiaries and other includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination, etc.).
Feed and seeds are on a consolidated basis (after excluding intercompany elimination, etc.).

Nutrition Business of Dairy Products (Unit: 100 million yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018	Net change	
	Result	Result	Amount	Year-on-year change (%)
Functional food products	10	11	1	11.0
Infant formula and other	37	38	1	2.9
Total on a consolidated basis	47	49	2	4.7

(Note) These figures are on a consolidated basis (after intercompany elimination, etc.)

4. Causes of Net Changes in Consolidated Operating Profit



Details of Consolidated Operating Profit by Segment (Unit: 100 million yen)(Amounts rounded down to the nearest 100 million yen)

	Factors behind changes	Total	Dairy products	Beverage and dessert	Feed and seeds	Other
Factors behind increase in profit	Difference in unit sales price	6	5	0	1	0
	Difference in composition of products	3	2	1	0	0
Subtotal		9	7	1	1	0
Factors behind the decrease in profit	Increase in advertising and promotional costs	(6)	0	(6)	0	0
	Increase in unit cost of materials, etc.	(4)	(4)	0	0	0
	Increase in operation costs	(4)	(1)	(3)	0	0
	Decrease in profit caused by decrease in sales volumes	(2)	(3)	2	(1)	0
	Increase in fixed cost	(2)	0	(2)	0	0
	Other	(1)	0	(1)	0	0
Subtotal		(19)	(8)	(10)	(1)	0
Total		(10)	(1)	(9)	(0)	0

5. Quarterly Consolidated Balance Sheets (Unit: 100 million yen)

	Year ended March 31, 2018	Three months ended June 30, 2018	Amount of Net change
(Current assets)	1,421	1,476	55
Cash and deposits	146	125	(20)
Receivables	693	759	66
Inventory assets	539	549	10
Other	42	42	(0)
(Non-current assets)	2,091	2,082	(8)
Property, plant and equipment	1,647	1,646	(1)
Intangible assets	39	36	(3)
Investment securities	293	297	3
Deferred tax assets	48	40	(8)
Other	62	62	0
Total assets	3,512	3,559	47

	Year ended March 31, 2018	Three months ended June 30, 2018	Amount of Net change
(Current liabilities)	1,406	1,445	38
Payables	644	674	29
Short-term loans payable	418	421	2
Other	343	349	6
(Non-current liabilities)	532	532	(0)
Long-term loans payable	270	268	(2)
Net defined benefit liabilities	86	87	1
Other	174	175	0
Total liabilities	1,939	1,977	38
Shareholders' equity	1,550	1,558	7
Non-controlling interests	23	24	0
Total net assets	1,573	1,582	8
Total liabilities/net assets	3,512	3,559	47

6. Quarterly Consolidated Statements of Cash flows (Unit: 100 million yen)

	Three months ended June 30, 2017 Result	Three months ended June 30, 2018 Result	Amount of net change
Ⅰ Cash flows from operating activities	13	30	16
Ⅱ Cash flows from investing activities	(36)	(22)	13
Ⅲ Cash flows from financing activities	(32)	(27)	4
Ⅳ Effect of exchange rate on cash and cash equivalents	0	(0)	(0)
Ⅴ Amount of net change in cash and cash equivalents	(54)	(20)	34
Ⅵ Cash and cash equivalents at beginning of period	159	140	(18)
Ⅶ Cash and cash equivalents at end of period	104	120	15
(Ref.) Free cash flow (I + II)	(22)	7	30

〈Consolidated Financial Forecast〉 (There is no revisions from the latest earnings forecasts released on May 10, 2018.)

1. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2019 (Unit: 100 million yen)

	Year Ending March 31, 2019			
	April 1, 2018 -September 30, 2018		April 1, 2018 -March 31, 2019	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Net sales	3,080	1.5	6,050	1.5
Operating profit	97	(12.4)	190	(1.9)
Ordinary profit	100	(15.1)	200	(4.7)
Profit attributable to owners of parent	71	(1.2)	135	0.9

2. Consolidated Sales by Product of Each Segment and Operating Profit by Segment (Unit: 100 million yen)

	Year Ending March 31, 2019			
	April 1, 2018 -September 30, 2018		April 1, 2018 -March 31, 2019	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
[Net sales]				
Butter	101	2.0	222	0.3
Oils&fats	63	(0.0)	130	0.1
Cheese	381	0.1	781	1.3
Other	151	(10.7)	311	(6.3)
Subsidiaries and other	490	6.1	994	5.6
Dairy products	1,190	1.1	2,440	1.8
White drinks	429	(0.4)	825	(1.3)
Colored drinks	232	(5.7)	416	(5.4)
Yogurt	318	10.8	630	12.3
Desserts & fresh cream	121	0.5	250	2.7
Other	17	5.0	35	(0.6)
Subsidiaries and other	352	4.0	640	0.6
Beverage and dessert	1,470	2.1	2,800	1.6
Feedstuffs	167	(1.7)	339	(1.4)
Seed products	67	3.0	100	(2.4)
Feed and seeds	235	(0.3)	440	(1.6)
Other	185	1.4	370	2.2
Total	3,080	1.5	6,050	1.5
[Operating profit]				
Dairy products	51	(9.8)	119	(1.9)
Beverage and dessert	28	(19.5)	49	2.9
Feed and seeds	11	(18.8)	10	(26.0)
Other	7	32.3	12	5.3
Total	97	(12.4)	190	(1.9)

1. The net sales for each segment list the figures for external customers.
   Note that figures for external customers are also used in the year-on-year comparisons.
2. Subsidiaries and other includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination, etc.).
   Feed and seeds are on a consolidated basis. (after excluding intercompany elimination, etc.)

Nutrition Business of Dairy Products (Unit: 100 million yen)

	Year ending March 31, 2019			
	April 1, 2018 -September 30, 2018		April 1, 2018 -March 31, 2019	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Functional food products	25	19.0	54	25.5
Powdered milk and other	81	7.8	166	9.7
Total on a consolidated basis	106	10.3	220	13.2

(Note) These figures are on a consolidated basis. (after excluding intercompany elimination, etc.)

〈Other〉

1. Non-consolidated Net Sales by Business Segment

(Unit: 100 million yen)

	Three months ended June 30, 2017		Three months ended June 30, 2018		Amount of net change
	Result	Year-on-year change (%)	Result	Year-on-year change (%)	
Dairy products	360	3.2	351	(2.3)	(8)
Butter	50	0.3	52	4.8	2
Oils & fats	33	(1.6)	32	(3.3)	(1)
Cheese	191	4.3	189	(1.5)	(2)
Beverage and dessert	546	1.0	552	1.0	5
White drinks	215	0.8	217	0.8	1
Colored drinks	119	0.2	112	(5.8)	(6)
Yogurt	144	3.8	153	6.6	9
Desserts & fresh cream	60	(0.5)	61	1.4	0
Other	5	2.3	4	(12.5)	0
Total	912	1.8	908	(0.4)	(3)

(For reference) Market share (of household consumption) for the First Three Months of Fiscal Year Ending March 31, 2019

Source: SCI (up to 79 years old), in value terms

Butter:	33.5%
Oils & fats:	38.6%
Cheese:	16.9%
Milk:	7.3%
Milk beverage:	20.4%
Yogurt:	11.5%